



DATE: July 13, 2016

TO: Short-Term Rental Work Group, Virginia State Capitol in Richmond

ATTN: Elizabeth Palen epalen@dls.virginia.gov

FROM: PAII – Professional Association Innkeepers International

RE: Limited Residential Lodging / Short-Term Residential Lodging

Thank you for addressing Short-Term Residential Lodging in the State of Virginia. This is a global issue directly affecting tourism, guest safety, and the livelihood of citizens with legitimate small businesses including Bed & Breakfast and Inns.

- **Short-term rental of residential lodging is not new:** B&B / Inns have successfully operated within the zoning and regulatory confines of their localities.
- AirBNB, HomeAway, FlipKey, and VRBO operators are providing the same services (***lodging in exchange for payment***) and therefore logically would operate within the same zoning & regulatory confines.
- Legal lodging operations and those listed on online marketing platforms typically have in common:
 - Many owners live in the property
 - Some properties do not operate year round
 - Some rent the entire property and some rent rooms only
 - Many use the income as supplemental
- It is inappropriate for Governments to intentionally create pre-emptions showing favoritism for one segment of the lodging industry and consequently penalizing another – in this case, the small businesses that are complying with regulations and paying the appropriate fees and taxes.
- **Localities within the state are diverse and unique.**
 - Many localities have worked together to create new regulations in the last few years to focus on the impact on the specifics of their community.
 - Regulation, zoning, and compliance are currently enforced at the local level since Virginia is too diverse to have one state law regulate all small lodging properties.

We ask that you support all small business operators by ensuring a 'level playing field' (the uniform application of regulations) for all who provide short-term residential lodging.

Thank You

Kris Ullmer

Executive Director, Professional Association Innkeepers International

kris@pail.org 715-921-2327

108 S Cleveland Street, Merrill WI 54452



Comments to Commonwealth of Virginia – Virginia Housing Commission

To: Elizabeth Palen - Executive Director of Housing Committee Work Group & Members of the Work Group

From: Rob Fulton, CEO – The Association of Independent Hospitality Professionals (AIHP)

Re: Short-Term Rental Work Group

Thank you for the opportunity to provide public comments to the Short – Term Rental Work Group. I applaud your efforts to bring this working group together to address these critical issues to our innkeeping industry and allow comments and input from impacted parties.

The Association of Independent Hospitality Professionals (AIHP) is a national association focusing on best practices to enhance the success and sustainability of independent hospitality professionals and allied partners through education, advocacy and networking. We offer professional development to help guide our members through an ever-changing environment.

As your work group is discussing one major recent change in our industry is the growth of online hosting platforms, most notably Airbnb, VRBO/HomeAway and others. In just a few short years these sites have emerged as an influential and ingrained part of the short-term lodging industry. A growing number of professional innkeepers are taking advantage of these platforms, listing themselves as “hosts” and finding success in reaching this new segment of travelers.

AIHP believes our members should regard these hosting platforms as another sales channels from which to acquire new guests and earn their loyalty with superior service and hospitality. By listing on these sites, our members have the advantage of distinguishing themselves as “professional”, “experienced”, and “inspected” to discerning travelers. AIHP’s expectation is that by listing their properties with hosting platforms like AirBnb and VRBO/HomeAway, its members and others in the professional innkeeping industry will find new guest markets that help grow their businesses, and meet their financial goals.

However, AIHP also believes there are some business aspects to these online hosting platforms that present a concern and require ongoing advocacy and education. The concern is two-part.

- First, the online hosting platforms must do a better job assisting local municipalities in collecting sales and lodging taxes, or collecting those taxes themselves.
- Second, “hosts” or “owners” offering their home or vacation rental properties for short-term rentals, must be held to the same standards of regulatory enforcement as professional innkeepers.

With this in mind, AIHP will be working with national, state and local lodging associations, *and* the online hosting platforms like Airbnb and VRBO/HomeAway to increase oversight and, when appropriate, encourage legislative action from state and local lawmakers. One of the most recent examples was the bill passed in March by the Virginia State Legislature (SB 416). **AIHP supports legislation like the Virginia bill which when**

enacted, will result in greater accountability and enforceable tax regulation so Virginia lodging properties, including innkeepers, are protected.

AIHP believes it is critical for lawmakers to take steps to require the same business practices for properties listed on hosting platforms as currently practiced by professional innkeepers and lodging owners – meeting certain operational requirements, registering with state and local governments, requiring enforcement of tax collection, obtaining liability insurance, and passing health and building inspections. There are two key focus areas of advocacy for AIHP going forward:

Taxes:

- AIHP supports local, state and national legislators willing to propose and pass legislative action that tightens loopholes and protects both lodging properties, their hosts/owners and guests.
- We also support ongoing initiatives by AirBnb, VRBO/HomeAway and other hosting platforms to work with cities, towns and municipalities across the country to collect and remit sales and lodging/occupancy taxes on behalf of their hosts who do not do so themselves. We will continue to push to accelerate these initiatives. Examples of where this private/public cooperation has been established include the states of Alabama, Florida, Illinois, North Carolina, Rhode Island and Washington.
- Where such collaboration is either not possible or productive, AIHP will do what it reasonably can to urge state and local governing bodies to enact legislation that allows for direct or third-party collection and payment of applicable taxes.

Licensing, Insurance and Inspections:

- Local governing bodies must be provided with location and owner information about short-term rental businesses in order to enforce written laws and ordinances related to their operation.
- AIHP believes any host operators, either through ignorance or intent, who fail to register their businesses with the appropriate state and local authorities, should be made to do so.
- For the safety and protection of operators, guests, neighbors and the larger community, AIHP believes it is essential that all lodging properties meet the requisite health and safety inspections and offer proof of liability insurance, as examples, among other conditions.

Next Steps:

- AIHP will continue to engage with online hosting platform companies, offering our expertise to help these providers become a better business resource for our members.
- We will advocate for proactive action with cities, towns and municipalities. While online hosting platforms may instruct their (its) hosts to review and comply with local laws before listing, some hosts overlook this critical step, and subsequent enforcement is often lacking. We will be at the forefront pushing to ensure online platforms do their part, and hosts and regulators achieve common goals.
- AIHP encourages legislators and online hosting platforms to develop a “litmus test” in order to bring all short-term lodging operators up to this minimum standard of compliance.

In summary, AIHP and its Board of Directors are committed to working with all parties - legislators, property owners and online hosting platform companies like Airbnb and VRBO/HomeAway - to help shape a shared

goal of responsible regulation, and to enact enforceable legislation at the local, state, and national level that protects the interests and safety of lodging facilities and their guests.

There is clear evidence that online hosting platforms are filling a growing need, expressed and supported by the widespread interest of the traveling public to stay in short-term rental properties. It is the intent of AIHP to work with all the stakeholders to ensure the professional innkeeping industry continues to grow and thrive in this new environment.

Rob Fulton

CEO – AIHP

717-433-6813

Rob@independent-innkeeping.org

From: **chris moreno** <chrismoreno729@gmail.com>
Date: Wednesday, July 13, 2016
Subject: Air BnB
To: epalen@dls.virginia.gov

Dear Ms. Palen

Mountain Song Inn has been a bed and breakfast business since 1994.

We purchased the inn in 2009 and have been diligent in adhering to local rules and regulations. This includes a \$50 health department inspection, a \$45 water test, required by the health department, and local lodging tax of 5% and VA sales tax of 5.3%.

We are only open from April 1 to Dec.15, but during that time run about a 33% occupancy; being a post retirement job that is sufficient for us. Last year our small 3 bedroom b&b paid Floyd County \$2529.06 in lodging tax and the state of VA \$2604.96.

We know these aren't tremendous amounts but to a couple trying to make ends meet and paying our fair share it is a lot. Mountain Song Inn is our home all year.

I did a Airbnb search for Floyd County and it said there were 72 rooms in our area. I am sure some of the legal business list there but not more than 12 to 25, that leaves quite a few establishments we are not sure of. I am president of the Floyd Lodging Association, and we have 25 members, we encourage them to list themselves on AirBnB, but some don't want to and some don't know how to.

All we want is for AirB&B host to do what is right and fair. We do appreciate your listening to us too. Thank you.

Respectfully yours,

Chris Moreno

Mountain Song Inn

540-789-3000

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https://www.yelp.com/writeareview/biz/W-0s6veCIhYswOIHH9LEFw?return_url=%2Fbiz%2FW-0s6veCIhYswOIHH9LEFw

<http://www.bnbfinder.com/rateInn/21710>

<http://www.bedandbreakfast.com/usa-willis-mountain-song-inn.html>

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Amy Hager

Director, StayVA (The Bed and Breakfast Association of Virginia)

www.stayva.org

Cell: 434-878-2269

From: **South Court Inn** <stay@southcourtinn.com>
Date: Tuesday, July 12, 2016
Subject: Limited Residential Lodging
To: epalen@dls.virginia.gov
Cc: inn virginia <info@innvirginia.com>

Short-Term Rental Work Group

Dear Group Members,

As an owner of a B&B that is lawfully operating in the state of Virginia I would like to comment on some of the issues that you have before you.

My wife and I live at our B&B, have a business license in Virginia, have all applicable permits, comply with zoning ordinances, pay for and receive annual inspections by the Health Department and carry insurance appropriate for the business of hosting people in short term lodging, in our case, a Bed and Breakfast. We pay sales and lodging taxes promptly every month to the town of Luray and the state of Virginia. Last year we paid Luray over \$3700 in lodging and food taxes and Virginia \$4400 in sales taxes.

Air BnB, VRBO and the others can and should operate under the same rules, pay the same fees, expenses and taxes for running their businesses as I do. The reason is because since they accept money for lodging, it is a business and should be treated as such. I and B&B owners across the state play by the rules, pay our taxes, have the proper insurance for a lodging business, so should these other operators, it's only fair.

Thank you for your time and consideration.
Sincerely,

Michael Osmers
South Court Inn,

Luray VA

--

Amy Hager

Director, StayVA (The Bed and Breakfast Association of Virginia)

www.stayva.org

Cell: 434-878-2269

From: **Sam Darling** <uphillhousebb@gmail.com>

Date: Monday, July 11, 2016

Subject: Public Comment for Thursday, July 14th

To: epalen@dls.virginia.gov

Cc: Stay VA <info@innvirginia.com>

Ms. Palen,

Thank you for taking the time to address this issue.

My husband and I just celebrated our second year as owners of the Uphill House B&B in Orange County. We are 31 and 33 and in addition to hosting guests, we both maintain full time jobs with an educational non-profit company. When deciding to become B&B owners, never once did we discuss cutting corners. It is critical to us to be a legitimate and legal entity, fully participating in everything that entails.

We have always been extremely dismayed by the number of people trying to dodge the system at the expense of public safety and ultimately their own. We are inspected and approved not just because it is a good practice, but because it's what our customers deserve and ultimately it benefits tourism in the state of Virginia.

We do understand this comes at a cost, in 2015 we spent over \$6,800 on inspections, taxes, dues, etc. but this is a necessary part of hosting the traveling public. We could have very easily chosen to not adhere to building codes, tax law, kitchen inspections, etc. but our customers deserve better than that and to be a good citizen of Virginia means following and supporting the laws in place.

Please let us know if we can clarify anything further and we appreciate your time.

Samantha Darling, Innkeeper

Uphill House B&B

uphillhousebb@gmail.com

#(540) 923-0119

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Amy Hager

Director, StayVA (The Bed and Breakfast Association of Virginia)

www.stayva.org

Cell: 434-878-2269

From: **By the Side of the Road Inn & Cottages** <stay@bythesideoftheroad.com>
Date: Tuesday, July 12, 2016
Subject: Short-Term Rental Work Group 7/14/2016
To: epalen@dls.virginia.gov
Cc: Stay VA <info@innvirginia.com>

TO WHOM IT MAY CONCERN;

In order to open our bed and breakfast business in 1999, the City of Harrisonburg, Virginia required that we prepare and enter into the City Ordinances a Bed and Breakfast Ordinance. The process took 90 days and increased our business development budget by about \$3,000. We have successfully operated our business for nearly 18 years. We have complied with licensing, insurance, building code, sales tax and any other code requirements in order to keep our doors open.
We had only four rooms to begin; we now have nine.

Compliance Costs to our Business:
Business Owner's Insurance \$3000
Licenses & B&B Property Insurance - \$1256
VA ABC - \$35
H/R Dept of Health - \$50

State & Local Sales Tax collected and paid @5.3%(State); 6.5%(Harrisonburg City) - \$23K - 25K

Professional time spent collecting taxes, preparing filings, dealing with compliance issues in each area is substantial. No dollar amount is projected here.

The above costs total \$4296 and when added to the Virginia & local sales taxes equals about \$30,000

THAT IS \$30,000 that must be factored into room pricing in an effort to operate profitably. That is \$30,000 that AirBNB competitors are free from. That is \$30,000 that can be DEDUCTED from room pricing when AirBNB vendors are selling their rooms. THIS IS NOT FAIR.

We have approximately 400 AirBNB vendors in our relatively small city/county region. Our occupancy has most definitely been adversely impacted by UNLAWFUL sales of lodging quarters by vendors, that are NOT licensed, insured or in compliance with building, fire and health codes that apply to my business.

Local jurisdictions must get on board and identify these vendors to enable legitimate businesses to continue to compete.

Peace,

Dennis & Janice Fitzgerald, Innkeepers

stay@bythesideoftheroad.com

By the Side of the Road Inn & Cottages

491 Garbers Church Road

Harrisonburg, VA 22801

540-801-0430

By the Side of the Road
INN & COTTAGES

Amy Hager

Director, StayVA (The Bed and Breakfast Association of Virginia)

www.stayva.org

Cell: 434-878-2269

From: **Gracefield Hall, L.L.C.** <gracefieldhall@juno.com>
Date: Tuesday, July 12, 2016
Subject: Comments on rules and regulations for short term rentals.
To: epalen@dls.virginia.gov
Cc: info@innvirginia.com

Comments on rules and regulations for short term rentals.

We are a relatively new bed and breakfast in New Kent County, Virginia. It took us seven months to go through the county and state permitting process, costing us \$1,786.49 in permits, legal fees, land surveys, well water test, and purchases of health department required equipment and materials. During that seven months we drove 300.66 miles, meeting with county and state officials, attorneys, and making the required purchases. Becoming a legal bed and breakfast that follows all the rules and regulations is expensive and a non-trivial process. But, we did that because that is the right thing to do. Why? It ensures we are operating within all state and county health and safety regulations and ordinances to ensure our guests are always safe. We also collect state and county taxes, totaling so far this year \$156.78. While that is not a large amount, keep in mind we are a very new bed and breakfast and are just beginning to become known and build a guest base.

All we want is a level playing field where everyone renting rooms on a short-term basis are operating within the same regulations. We are successfully operating within the zoning confines of New Kent County alongside hotels and motels.

We offer the same services as the property owners who list on AirBNB, HomeAway, FlipKey, and VRBO. The major difference is that we are licensed, inspected, and regulated. There are more than 300 properties listed on AirBNB just in Central Virginia. I doubt if many, if any, of them are licensed, inspected, and pay state and county taxes. It is a completely unregulated segment of short-term rentals that have an unfair competitive advantage.

The state and county systems, with regulations, are already in place and have been used successfully. Why

create a subset of short-term rentals that are unregulated? There is no need for it and creating it subjects their guests to unknown health, fire, and safety hazards that can lead to serious and dangerous consequences.

If we can find success while following all the state and county rules, then so should any operator who chooses to market through an online booking service. All we ask is everyone involved in short-term rentals operate by the same rules so that no one has an unfair competitive advantage sanctioned by the government of Virginia.

With the exception of health department inspections, which are conducted by a state health inspection, all compliance and enforcement are accomplished at the county level, where it rightfully belongs. New Kent County, for example, has created a set of regulations that ensures our neighbors are not disturbed, roads are not crowded with parked vehicles, and our guests are safe from health, fire, and safety hazards. These same rules need to apply to all short-term rentals, and only the state government can ensure that happens by legislation or state regulations that require all short-term rental properties meet state and local regulations.

Regards, Larry Reynolds, owner and operator

Gracefield Hall™ *Bed & Breakfast*

<http://www.GracefieldHallBnB.com>

Gracefield Hall, L.L.C.

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Amy Hager

Director, StayVA (The Bed and Breakfast Association of Virginia)

www.stayva.org

Cell: 434-878-2269

From: **Afton Mountain B&B** <aftonmountainbb@gmail.com>
Date: Wednesday, July 13, 2016
Subject: Comment for Short-Term Rental Work Group
To: epalen@dls.virginia.gov
Cc: Amy Hager <info@innvirginia.com>, Rob Fulton <rob@independent-innkeeping.org>

Elizabeth -

I am past president of the Bed & Breakfast Association of Virginia (BBAV), and now serve on the board of directors for the Association of Independent Hospitality Professionals (AIHP), a national innkeeping organization. I appreciate the work that you and all the members of the Short-Term Rental Work Group are undertaking, and the challenge you face in crafting legislation that will fairly address the various impacts of this new industry.

I wanted to offer some quick comments with respect to the part of this issue that most directly effects the average innkeeper in Virginia, and that is the proliferation of unlicensed, uninsured operators using various online reservation platforms to advertise their businesses. It is very likely that there are "non-legitimate" properties listed on virtually all national (and some state) online short-term rental platforms, including those seemingly dedicated to "professional" bed & breakfast/inn properties. This is not a problem specific to Airbnb or any single platform.

It is my opinion (and not necessarily that of either BBAV or AIHP), that these platforms cannot and should not be responsible for determining the legitimacy and compliance of those who list on their websites. That responsibility lies with the licensing municipality in which that property is located. Having said that, it SHOULD be the responsibility of these platforms to provide enough information about those properties listed on their sites - be it an address, phone number, owner name - to allow municipalities to identify and audit those property owners within their jurisdictions. AIHP is committed to working with all parties, including the short-

term rental platform companies AND local municipalities in pursuing a cooperative effort to bring all listed properties into compliance.

I know that AIHP's CEO, Rob Fulton, has expressed his commitment to doing whatever he can to assist the work-group on your efforts. As a Virginia bed & breakfast owner, I offer that same commitment and am extremely pleased that Amy Hager, our state association's Director, is vigorously representing the interests of professional innkeepers all across Virginia.

Respectfully,



Dan Ingraham
Afton Mountain Bed & Breakfast
www.AftonMountain.com
800-769-6844

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Amy Hager
Director, StayVA (The Bed and Breakfast Association of Virginia)
www.stayva.org
Cell: 434-878-2269

From: <info@greyswaninn.com>
Date: Wednesday, July 13, 2016
Subject: Public Comment for Limited Residential Lodging
To: epalen@dls.virginia.gov
Cc: Amy Hager <info@innvirginia.com>

While we cannot be there to give this statement in person, we want to let you know who we are and how concerned we are about Limited Residential Lodging issues.

We have a 5 guest room inn in south central Virginia. We are both over 60 years old and live on the property. Jim and I have been innkeeping since 2007 and Jim's retirement income supplements the income we receive from our inn so we can enjoy this lifestyle.

Our average occupancy rate last year was at 28% and we paid over \$6,000 in lodging and sales tax. We pay yearly town and county license fees, Health Department license, state corporation fees.

Our property has operated as a bed and breakfast for over 25 years, and was grandfathered in for zoning to operate as an inn in a residential area. We maintain our off street parking, and provide lodging to both leisure and business guests utilizing the standards as set forth by our bed and breakfast association, town, county and state codes.

We have commercial insurance for the protection of our guests and property.

We have battery operated smoke detectors in all guest rooms with a plan to have hard-wired smoke detectors installed this year. A CO2 detector is also in the room with a fireplace. We also have a detailed fire escape plan and fire extinguishers available on each floor.

We are also listed on AirBnB and feel that all properties who list on online platforms should follow the same rules as we do.

What we provide that the guests can see includes a safe and clean environment. What we provide that the guests cannot see: proper zoning, providing adequate insurance, inspected, pay our licensing fees and taxes. It speaks to our integrity which is precious to us.

Thank you for your time,

Christine and Jim Hasbrouck
The Grey Swan Inn Bed and Breakfast
Blackstone, Virginia
www.greyswaninn.com

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Amy Hager
Director, StayVA (The Bed and Breakfast Association of Virginia)
www.stayva.org
Cell: 434-878-2269

From: **Pamela Baldwin** <pamela@weatherleafarm.com>
Date: Tuesday, July 12, 2016
Subject: Fwd: Comments for Submission to the Short-Term Rental Work Group
To: inn virginia <info@innvirginia.com>

Amy -- I sent this earlier with an obvious error in your email address (.gov instead of .com), so I'm sending it again. But it also bounced back from Ms. Palen's address, which I had as epalon@dls.virginia.gov. I misspelled her name. I'll resend it to her. (Sigh. Getting old.)

Thanks!

Pamela

----- Forwarded Message -----

Subject:Comments for Submission to the Short-Term Rental Work Group

Date:Tue, 12 Jul 2016 15:25:43 -0400

From:Pamela Baldwin <pamela@weatherleafarm.com>

To:epalon@dls.virginia.gov, info@innvirginia.gov

Dear Ms. Palen:

Please see my attached comments for the consideration of the work group reviewing the bill on short-term lodging (a.k.a. the Airbnb bill). I hope you will give these comments serious consideration. While I do not speak formally for my colleagues in the Loudoun [County] Bed & Breakfast Guild, I believe that there is broad agreement within our organization

on the need for significant modification to the legislation that passed
in the 2016 session.

Respectfully yours,

Pamela Baldwin

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Pamela Lane Baldwin
WeatherLea Farm & Vineyard
39595 Weatherlea Farm Lane
Lovettsville, VA 20180
tel. 540-822-5097
cell 703-727-3790
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Amy Hager
Director, StayVA (The Bed and Breakfast Association of Virginia)
www.stayva.org
Cell: 434-878-2269

From: <info@greyswaninn.com>
Date: Wednesday, July 13, 2016
Subject: Public Comment for Limited Residential Lodging
To: epalen@dls.virginia.gov
Cc: Amy Hager <info@innvirginia.com>

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Christine and Jim Hasbrouck
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www.greyswaninn.com

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Amy Hager
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